

SUMMIT COUNTY, UTAH

**Basic Financial Statements,
Required Supplementary Information and
Other Required Reports**

December 31, 2004

Schmitt, Griffiths, Smith & Co., P.C.

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To the County Commission
Summit County

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Summit County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2006, on our consideration of Summit County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 23 through 27 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Schmitt, Griffiths, Smith & Co., P.C.

January 5, 2006
Ogden, Utah



SUMMIT COUNTY
Basic Financial Statements,
Required Supplementary Information and
Other Required Reports
Year Ended December 31, 2004

Table of Contents	<u>Page</u>
Independent Auditors' Report – Basic Financial Statements	1
Management's Discussion and Analysis.....	2
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheets – Governmental Funds	16
Balance Sheet Reconciliation to Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual:	
General Fund	23
Special Revenue Fund -Municipal Services	24
Special Revenue Fund -Transient Room Tax.....	25
Special Revenue Fund - Arts and Recreation Tax.....	26
Special Revenue Fund – Health.....	27
Statement of Net Assets – Proprietary Fund.....	28
Statement of Revenues, Expenditures, and Changes in Net Assets – Proprietary Fund ..	29
Statement of Cash Flows – Proprietary Fund.....	30

SUMMIT COUNTY
Basic Financial Statements
Required Supplementary Information and
Other Required Reports
Year Ended December 31, 2004

Table of Contents, Continued	<u>Page</u>
Statement of Fiduciary Net Assets	31
Statement of Changes in Fiduciary Net Assets.....	32
Footnotes to the Financial Statements.....	35
Required Supplementary Information	54
Statement of Cash Receipts and Disbursements – Tax Collection Trust Fund.....	56
Statement of Current Taxes Levied and Collected	58
 Other Required Reports:	
 <u>Government Auditing Standards:</u>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
 <u>OMB Circular A-133:</u>	
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	61
Schedule of Expenditures of Federal Awards.....	63
Schedule of Prior Audit Findings.....	65
Schedule of Findings and Questioned Costs.....	67
Independent Auditors' Report - State of Utah Legal Compliance.....	69

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

INTRODUCTION

The following is a discussion and analysis of Summit County's financial performance and activities for the year ended December 31, 2004. The County has implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly changed the content and structure of the financial statements. As a result, much of the information is not easily comparable to previous years. Future reports will include better comparisons.

HIGHLIGHTS

Government-wide

- The County's total net assets, exclusive of capital assets, increased nearly \$1.8 million or 4.2 percent over the prior year. Total assets of governmental funds increased \$1.3 million or 2.9 percent.

Fund Level

- Fund balances in the County's governmental funds increased \$2.03 million or 4.8 percent from the prior year.
- Property tax revenues were 13.9 percent higher than the prior year due to a slight increase in the collection rate for 2004. The County's total sales taxes decreased \$847 thousand due to a below average year sales and use tax revenues.

Long-term Debt

- The County's long-term debt decreased \$1.6 million or 6 percent, the result of all bond payments being made and no new debt issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the County's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information including combining statements for nonmajor funds.

Government-wide Statements -Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 12 comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the County's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the County's net assets - the difference between total assets and total liabilities - and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the County's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the County's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The government-wide statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The County has no business-type activities. The County's governmental activities include general government, public safety, courts, streets highways and garbage, recreation, health, and library services.

The government-wide statements also include information about Mountain Regional Water District and Snyderville Basin Special Service District, both a *component unit* of the County. Component units are legally separate entities, yet the County remains financially accountable for them.

Fund Financial Statements -Reporting the County's Most Significant Funds

The fund financial statements beginning on page 16 provide detailed information about individual major funds, not the County as a whole. A fund is a group of related accounts that the County uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the County's funds are divided into three types, each of which uses a different accounting approach.

Governmental Funds - Most of the County's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the County's financial position helps determine whether the County has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds -Governmental accounting standards permit two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County at the present time does not have any enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County maintains one internal service fund to account for its fleet management. Because those services predominantly benefit governmental rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Fiduciary Funds -Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds use full-accrual accounting but are not included in the government-wide statements because the assets in those funds are not available to finance the County's own programs.

Reconciliation Between Government-wide and Fund Statements

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

The financial statements include schedules on pages 18 and 22 that reconcile the amounts reported for governmental activities on the government-wide statements with amounts reported on the governmental fund statements. Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 35 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Summit County adopts an annual budget for all of its governmental and proprietary funds. Beginning on page 52 are budgetary comparison schedules for all of the County's major governmental funds. Budget to actual comparisons for each of the non major funds are provided in the following section of the report.

Supplementary Information

Supplementary Information includes combining statements for the County's non major governmental funds, internal service funds, and agency funds. This section also includes budget-to-actual comparisons for all non major governmental funds with legally adopted budgets. Finally, statutorily required schedules relating to tax collections and distributions to all taxing entities within the County are provided.

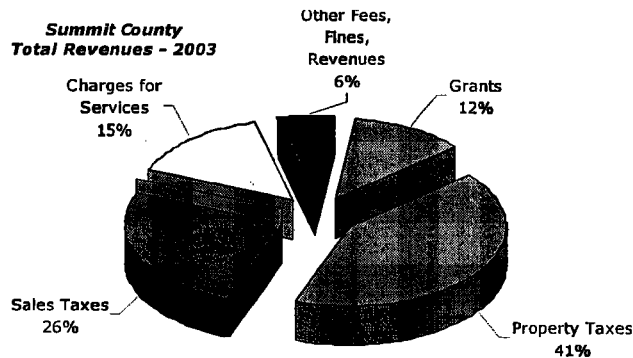
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

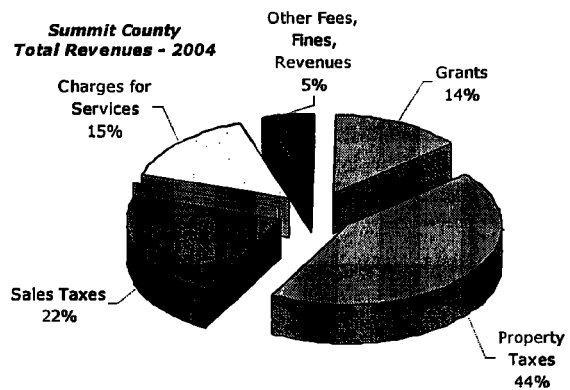
A large component of the County's net assets, 57.6 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt must be provided from other sources. Restricted net assets (including capital assets) comprise 60.4 percent of total net assets and are subject to external restrictions on how they may be used. The remaining 39.6 percent of net assets is unrestricted and may be used at the County's discretion to meet its ongoing obligations to citizens and creditors.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

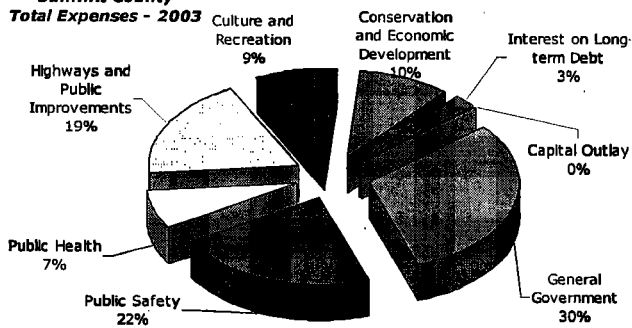
**Summit County
Total Revenues - 2003**



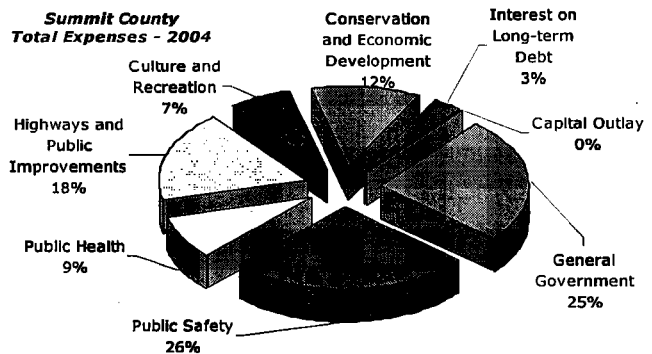
**Summit County
Total Revenues - 2004**



**Summit County
Total Expenses - 2003**



**Summit County
Total Expenses - 2004**



**Summit County
Net Assets**

	Governmental Activities	
	2003	2004
Current and Other Assets	\$46,029,061	\$47,407,899
Capital Assets	86,541,849	86,048,924
Total Assets	132,570,910	133,456,823
Current and Other Liabilities	4,116,506	3,680,688
Long-term Liabilities	26,075,400	24,425,680
Total Liabilities	30,191,906	28,106,368
Net Assets:		
Invested in Capital Assets, Net of Related Debt	59,499,969	60,598,094
Restricted for:		
Debt Service	9,027,775	2,963,424
Unrestricted	33,851,260	41,713,337
Total Net Assets	\$102,379,004	\$105,274,855
Percent change from prior year		2.8%

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

Changes in Net Assets

The County's combined net assets increased by \$2.9 million or 2.9 percent from the prior year. The increase was due mainly to increased revenues and decreased expenses.

Summit County's financial position improved from the prior year. This can be demonstrated by comparing the amount of Current and Other Assets available to cover Total Liabilities. For the year 2003, for every dollar of Total Liabilities, Current and Other Assets covered by those liabilities by \$1.52. This improved during 2004 to \$1.68. Summit County increased Capital Assets by \$1.5 million while *decreasing* Long-term Liabilities, funding mechanisms for acquiring or creating Current Assets, by \$1.65 million. In addition, the amount of Unrestricted Net Assets, that portion of net assets that is neither restricted nor invested in capital assets (net of related debt), increased 23% over the prior year. The improvement in Current and Other Assets and Unrestricted Net Assets can be attributed to the increase in Property Tax Revenues as well as the County's policies on conservative spending.

Governmental Activities

Total tax revenues showed a moderate increase of 5 percent during 2004. Tourism-related sales taxes increased 5 percent while general sales taxes decreased 15.7 percent. Property taxes increased 13.9 percent due to an increase in the collection rate of current taxes and an increase in collections of prior years' taxes. No tax rates were increased during 2004.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

Summit County Statement of Activities

	Governmental Activities	
	2003	2004
Revenues		
General Revenues:		
Property Taxes	\$ 15,785,338	\$ 17,896,283
Sales Taxes	9,709,557	8,862,065
General Government		
Charges for Services	5,772,587	6,028,801
Other Fees, Fines, Revenues	2,199,496	2,193,082
Grants	4,534,361	5,490,166
Total Revenues	38,001,339	40,470,397
Expenses		
General Government	12,134,807	9,440,324
Public Safety	8,527,955	9,878,597
Public Health	2,796,243	3,261,748
Highways and Public		
Improvements	7,505,296	6,704,192
Culture and Recreation	3,495,989	2,654,936
Conservation and Economic		
Development	3,894,539	4,466,042
Interest on Long-term Debt	1,013,623	1,168,706
Capital Outlay	-	-
Total Expenses	39,368,453	37,574,546
Change in Net Assets	(1,367,114)	2,895,851
Net Assets - Beginning	103,746,118	102,379,004
Net Assets - Ending	<u><u>\$ 102,379,004</u></u>	<u><u>\$ 105,274,855</u></u>

The following table shows to what extent the County's governmental activities relied on taxes and other general revenues to cover all of their costs. For 2004, these programs generated \$13.7 million or 33.9 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 66.1 percent of expenses.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

Summit County
Changes in Net Assets
Year Ended December 31, 2004

	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expenses
Activities:				
General Government	\$ 9,440,324	\$ 5,733,873	\$ 3,706,451	60.7%
Public Safety	9,878,597	2,703,226	7,175,371	0.3
Public Health	3,261,748	2,277,007	984,741	0.7
Highways and Public Improvements	6,704,192	585,170	6,119,022	0.1
Culture and Recreation	2,654,936	219,691	2,435,245	0.1
Conservation and Economic Development	4,466,042	-	4,466,042	0.0
Interest on Long-term Debt	1,168,706	-	1,168,706	0.0
Total Governmental Activities	\$ 37,574,546	\$ 11,518,967	\$ 26,055,579	30.7%

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

Summit County added \$2 million in new capital assets during 2004, of which \$1.6 million was for purchases in the Fleet Lease Internal Service Fund, \$2,644 was for improvements other than buildings, and \$260 thousand was for buildings. The County also sold or disposed of \$3.3 million in capital assets.

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. Governments that elect to use this optional "modified approach" to infrastructure are required to report specific criteria on condition levels and amounts expended by the County to maintain the infrastructure at the condition levels designated.

Summit County's pavement management system is based on the remaining service life (RSL) of the roadway structure. The RSL is calculated using a condition assessment based on the American Association of State Highway and Transportation Officials (AASHTO) pavement management system. The condition of pavements and other road surfaces is based on stress factors found in pavement surfaces (i.e. rutting and cracking). Condition assessments are completed every two years. Summit County's policy will be to inspect and rate one half of its roads each year and to keep the percentage of road mileage having a RSL of 5 years or less to below 10%.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

For the year 2004, Summit County reports the following RSL:

<u>Road RSL</u>	<u>2004 Percentage</u>
RSL < 15 Years	2%
RSL 10 – 15 Years	41%
RSL 5 – 10 Years	53%
RSL > 5 Years	4%

Estimated, or budgeted, amounts needed to maintain and preserve county infrastructure at or above the established condition levels for 2004 are \$1,839,000.

Long-term Debt

At December 31, 2004, Summit County had the following long-term debt outstanding:

Summit County
Long-Term Debt
Year Ended December 31, 2004

	<u>Governmental Activities</u>
General Obligation Bonds, net of premiums/discounts	\$ 11,735,000
Lease Revenue Bonds	11,690,000
Assessment Bonds	1,886,000
Compensated Absences	876,494
Total Long-Term Debt	26,187,494
Less Current Portion	(1,750,000)
Total non current portion	\$ 24,437,494

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Fund Balances

At December 31, 2004, Summit County's governmental funds reported combined fund balances of \$44.4 million. Of this amount, \$23.4 million or 52.7 percent is reserved for various purposes such as debt service and tax stability and is therefore unavailable for future spending. The remaining \$21 million or 47.3 percent is available for new spending. The following chart presents the County's 2004 ending fund balances.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

Summit County
Governmental Fund Balances
Year Ended December 31, 2004

<u>2004</u>	General Fund	Major Special Revenue Funds	Debt Service Fund	Tax Stability Fund	Nonmajor Funds	Total
Reserved	\$ -	\$ -	\$ -	\$ 9,909,868	\$ 6,333,533	\$ 16,243,401
Unreserved	2,664,654	12,890,953	5,805,247	-	6,747,512	28,108,366
Total	\$ 2,664,654	\$ 12,890,953	\$ 5,805,247	\$ 9,909,868	\$ 13,081,045	\$ 44,351,767
Percent change from prior year	1.9%	2.7%	(1.7%)	1.6%	13.7%	4.8%
<u>2003</u>						
Reserved	\$ -	\$ -	\$ -	\$ 9,749,122	\$ 6,757,446	\$ 16,506,568
Unreserved	2,615,198	12,552,671	5,903,804	-	4,743,896	25,815,569
Total	\$ 2,615,198	\$ 12,552,671	\$ 5,903,804	\$ 9,749,122	\$ 11,501,342	\$ 42,322,137

General Fund

During 2004, the fund balance in the General/Municipal Fund increased \$49,456 or 1.9 percent. Total revenues increased \$1.3 million or 11.4 percent of which half is attributed to an increase in tax revenue and half is from other revenue sources.

Total General/Municipal Fund expenditures increased \$181 thousand or 1.5 percent due mainly to the following factors:

- County employees received a 2.0 percent cola and an average of a 2.0 percent merit increase, as approved in the 2004 budget.
- There were no major deviations from County goals and objectives set out in the 2004 budget.

General Fund Budgetary Highlights

Summit County prepares its budget according to state statutes, as described more fully in Note 3.A on page 42. The most significant budgeted funds are the General Fund and Municipal Services Fund. The County amended the General Fund & Municipal Services Fund budgets during the year to meet the needs of the departments as issues arose. There were, however, no significant changes to the original adopted budget nor were there any increases to the total budgets.

Actual General/Municipal Fund revenues were \$279 thousand or 2.1 percent above the final budget. Actual expenditures were approximately \$419 thousand or 3.3 percent below the final budget. The County did not draw upon the existing fund balance in the General/Municipal Fund this year to cover any expenditures.

Transient Room/Arts and Recreation Fund

During 2004, the fund balance of the Transient Room/Arts and Recreation Funds decreased \$398 thousand or 19.7 percent from the prior year. The decrease was created from amounts rewarded through the Arts and Recreation Grants program made in 2003 which were not drawn upon until 2004.

SUMMIT COUNTY, UTAH
Management's Discussion & Analysis
Year Ended December 31, 2004

Tourism taxes (hotel room tax, restaurant tax, and recreation and arts tax) increased \$137 thousand or 5.0 percent over the prior year as a result of an excellent winter ski season and increased expendable income in the economy.

Non major Funds

Summit County's non major funds had a combined increase in fund balance of \$ 1.6 million or 13.8 percent. Significant changes in non major funds were road projects which were not completed in 2004 in Service Area's # 6 & 8 and the Capital Fund. The County also received more revenues in Service area # 1 than it had in previous years.

OTHER MATTERS

During the General Session of the Utah State Legislature, lawmakers made changes to the Utah Code that will impact Summit County's future financial position:

- The formula for calculating the certified tax rate on real and personal property was modified so that it is based on the prior year's budgeted revenues instead of actual revenues. The change is effective for the 2004 budget year, but the impact on the County cannot be estimated at this time.
- The formula for calculating Assessing and Collecting levies has been change requiring recipient counties to have a maximum tax effort before they can receive any shared money. This will ultimately lower Summit Counties levy for Assessing and Collecting and save our tax payers money.
- The Transit District was expanded to cover a wider area in the Snyderville Basin and also to levy a sales tax within the District. Sales Tax revenues began in July 2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Summit County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the County's finances should be addressed to the Summit County Auditor, P. O. Box 128, Coalville, Utah, 84055.

**Summit County
Statement of Net Assets
December 31, 2004**

	Primary Government	Component Units	
	Governmental Activities	Mountain Regional Water	Snyderville Basin S.S.D.
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 42,139,969	\$ 501,656	\$ 1,321,441
Restricted cash	-	5,048,605	-
Accounts receivable	4,864,129	479,873	721,910
Due from other government units	345,755	-	-
Other receivables	-	19,035	-
Prepaid assets	-	257,721	-
Inventory	-	41,150	-
Total current assets	47,349,853	6,348,040	2,043,351
Non-current assets:			
Deferred issuance costs, net	58,046	-	-
Restricted assets:			
Cash, restricted for debt repayment	-	5,687,628	4,082,276
Capital assets (net of accumulated depreciation):			
Land and water rights	2,508,868	14,523,941	6,466,948
Buildings	19,868,739	487,401	7,087,385
Improvements other than buildings	11,383	12,292,264	5,613,909
Equipment	6,996,221	483,642	303,705
Vehicles	-	75,050	-
Engineering library	-	45,032	-
Construction-in-process	-	19,473,804	-
Infrastructure	56,605,667	-	-
Other assets, net	-	1,397,188	-
Total non-current assets	86,048,924	54,465,950	23,554,223
	133,398,778	115,279,940	25,597,574

Summit County
Statement of Net Assets, Continued
December 31, 2004

	Primary Government	Component Units	
	Governmental Activities	Mountain Regional Water	Snyderville Basin S.S.D.
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,228,576	872,256	63,348
Landfill closure costs	482,268	-	-
Due to other funds	5,275	-	-
Due to other governments	-	345,755	-
Deferred revenue	138,525	-	5,670
Bond interest payable	77,044	-	-
Bonds payable, current	1,750,000	1,409,400	695,000
Capital lease payable, current	-	9,546	-
Total current liabilities	3,681,688	2,636,957	764,018
Non-current liabilities:			
Developers payable, less current portion	-	2,143,547	-
Bonds payable - more than one year	23,561,000	49,922,526	14,621,532
Issuance premium	4,740	-	-
Compensated absences	876,494	-	32,345
Total non-current liabilities	24,442,234	52,066,073	14,653,877
Total liabilities	28,123,922	54,703,030	15,417,895
NET ASSETS			
Invested in capital assets, net of related debt	60,598,094	3,631,351	6,480,397
Restricted for:			
Debt service	2,963,424	859,252	1,218,826
Tax stability	9,909,868	-	-
Unrestricted	31,803,469	1,620,357	2,480,456
TOTAL NET ASSETS	\$ 105,274,855	\$ 6,110,960	\$ 10,179,679

Summit County
Statement of Activities
Year Ended December 31, 2004

Function/Programs	Expenses	Program Revenues		
		Charges for	Operating	Capital
		Services	Grants and	Grants and
			Contributions	Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,440,324	\$ 3,652,660	\$ 2,081,213	\$ -
Public safety	9,878,597	1,364,452	1,057,287	281,487
Public health	3,261,748	227,820	2,049,187	-
Highways and public improvement	6,704,192	568,520	16,650	-
Culture and recreation	2,654,936	215,349	4,342	-
Conservation and economic devel.	4,466,042	-	-	-
Interest on long-term debt	1,168,706	-	-	-
Total governmental activities	<u>\$ 37,574,546</u>	<u>\$ 6,028,801</u>	<u>\$ 5,208,679</u>	<u>\$ 281,487</u>
Component units:				
Mountain Regional Water	\$ 5,340,354	\$ 3,633,680	\$ -	\$ -
Snyderville Basin S.S.D.	2,568,892	429,129	25,000	374,046
	<u>\$ 7,909,246</u>	<u>\$ 4,062,809</u>	<u>\$ 25,000</u>	<u>\$ 374,046</u>
General Revenues:				
Taxes:				
Property taxes				
Fee-in-lieu of property taxes				
Sales taxes				
Transient room tax				
Transit assessment				
Impact fees and special improvement district assessments				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning - restated				
Net assets - ending				

The notes to the financial statements are an integral part of this statement.

Summit County
Statement of Activities, Continued
Year Ended December 31, 2004

Net (Expense) Revenue and Changes in Net Assets	Component Units	
	Mountain Regional Water	Snyderville Basin S.S.D.
Total Governmental Activities		
\$ (3,706,451)	\$ -	\$ -
(7,175,371)	-	-
(984,741)	-	-
(6,119,022)	-	-
(2,435,245)	-	-
(4,466,042)	-	-
(1,168,706)	-	-
<u>(26,055,579)</u>	<u>-</u>	<u>-</u>
-	(1,706,674)	-
-	-	<u>(1,740,717)</u>
-	<u>(1,706,674)</u>	<u>(1,740,717)</u>
17,200,162	-	3,108,455
696,121	-	176,677
5,422,063	-	-
3,440,002	-	-
152,946	-	-
-	3,601,052	-
994,689	259,667	-
907,349	405,201	100,328
138,098	-	5,589
<u>28,951,430</u>	<u>4,265,920</u>	<u>3,391,049</u>
2,895,851	2,559,246	1,650,332
102,379,004	3,551,714	8,529,347
<u>\$ 105,274,855</u>	<u>\$ 6,110,960</u>	<u>\$ 10,179,679</u>

**Summit County
Balance Sheets
Governmental Funds
December 31, 2004**

	Special Revenue Funds		
	General Fund	Municipal Services	Public Health
ASSETS			
Cash	\$ 869,645	\$ 9,082,193	\$ 617,723
Accounts receivable, net of \$90,085	2,212,479	1,196,527	616,668
Due from other funds	-	-	-
Due from other governmental units	176,767	168,988	-
Total assets	<u>\$ 3,258,891</u>	<u>\$ 10,447,708</u>	<u>\$ 1,234,391</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 111,969	\$ 89,056	\$ 330,103
Landfill closure costs	482,268	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>594,237</u>	<u>89,056</u>	<u>330,103</u>
Fund Balances:			
Reserved for:			
Debt service	-	-	-
Capital improvements	-	-	-
Tax stability	-	-	-
Unreserved	2,664,654	10,358,652	904,288
Total fund balances	<u>2,664,654</u>	<u>10,358,652</u>	<u>904,288</u>
Total liabilities and fund balances	<u>\$ 3,258,891</u>	<u>\$ 10,447,708</u>	<u>\$ 1,234,391</u>

The notes to the financial statements are an integral part of this statement.

Summit County
Balance Sheets, Continued
Governmental Funds
December 31, 2004

Special Revenue Funds		Debt Service Fund	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
Transient Room Tax	Arts & Recreat. Tax	Bond Redemption	Tax Stability		
\$ 1,015,768	\$ 928,648	\$ 5,790,216	\$ 9,909,868	\$ 12,782,466	\$ 40,996,527
82,580	55,964	15,031	-	684,880	4,864,129
-	-	-	-	-	-
-	-	-	-	-	345,755
<u>\$ 1,098,348</u>	<u>\$ 984,612</u>	<u>\$ 5,805,247</u>	<u>\$ 9,909,868</u>	<u>\$ 13,467,346</u>	<u>\$ 46,206,411</u>
\$ 374,125	\$ 80,822	\$ -	\$ -	\$ 242,501	\$ 1,228,576
-	-	-	-	-	482,268
-	-	-	-	5,275	5,275
-	-	-	-	138,525	138,525
<u>374,125</u>	<u>80,822</u>	<u>-</u>	<u>-</u>	<u>386,301</u>	<u>1,854,644</u>
-	-	-	-	2,963,424	2,963,424
-	-	-	-	3,370,109	3,370,109
-	-	-	9,909,868	-	9,909,868
<u>724,223</u>	<u>903,790</u>	<u>5,805,247</u>	<u>-</u>	<u>6,747,512</u>	<u>28,108,366</u>
<u>724,223</u>	<u>903,790</u>	<u>5,805,247</u>	<u>9,909,868</u>	<u>13,081,045</u>	<u>44,351,767</u>
<u>\$ 1,098,348</u>	<u>\$ 984,612</u>	<u>\$ 5,805,247</u>	<u>\$ 9,909,868</u>	<u>\$ 13,467,346</u>	<u>\$ 46,206,411</u>

**Summit County
Balance Sheet Reconciliation to
Statement of Net Assets
December 31, 2004**

Total fund balances - governmental fund types:	\$ 44,351,767
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	85,990,878
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental funds.	1,143,442
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(26,211,232)
Net assets of government activities	<u>\$ 105,274,855</u>

Summit County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2004

	General Fund	Special Revenue Funds	
		Municipal Services	Public Health
REVENUES			
Taxes	\$ 9,360,550	\$ 5,236,774	\$ 1,057,395
Licenses and permits	32,532	1,503,738	-
Intergovernmental	598,367	777,008	791,949
Federal grants	582,695	285,534	982,117
State grants	137,102	1,226,313	275,121
Charges for services	2,520,823	615,869	227,820
Fines and forfeitures	38,195	648,436	-
Interest	11,862	145,464	6,674
Miscellaneous	95,316	25,027	13,453
Total revenues	<u>13,377,442</u>	<u>10,464,163</u>	<u>3,354,529</u>
EXPENDITURES			
Current:			
General Government	3,587,925	3,116,093	-
Public safety	5,607,417	3,770,016	-
Public health	-	-	3,234,547
Highways and public improvements	1,895,280	2,759,140	-
Culture and Recreation	1,391,938	-	-
Conservation and economic development	-	-	-
Debt Service:			
Principal retirement	-	185,000	-
Interest	-	17,554	-
Capital outlay	-	-	-
Total Expenditures	<u>12,482,560</u>	<u>9,847,803</u>	<u>3,234,547</u>
Excess revenues over (under) expenditures	<u>894,882</u>	<u>616,360</u>	<u>119,982</u>
Other Financing Sources (Uses)			
Transfers from other funds	125,000	-	-
Bond proceeds	-	-	-
Contributions out	(70,426)	-	-
Transfers from component units	-	-	-
Transfers to other funds	(900,000)	-	-
Total Other Financing Sources and Uses	<u>(845,426)</u>	<u>-</u>	<u>-</u>
Excess of Revs and Other Sources Over (Under) Expend and Other Uses	49,456	616,360	119,982
Fund Balances - Beginning of Year - restated	2,615,198	9,742,292	784,306
Fund balances - end of year	<u>\$ 2,664,654</u>	<u>\$ 10,358,652</u>	<u>\$ 904,288</u>

The notes to the financial statements are an integral part of this statement.

Summit County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2004

Special Revenue Funds		Debt Service Fund	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
Transient Room Tax	Arts & Recreation	Bond Redemption	Tax Stability		
\$ 3,315,003	\$ 925,804	\$ 680,090	\$ -	\$ 6,210,678	\$ 26,786,294
-	-	-	-	-	1,536,270
-	-	-	-	802,400	2,969,724
-	-	-	-	26,250	1,876,596
-	-	-	-	-	1,638,536
-	-	-	-	393,270	3,757,782
-	-	-	-	-	686,631
22,267	24,751	246,220	160,746	397,187	1,015,171
863	-	-	-	51,216	185,875
<u>3,338,133</u>	<u>950,555</u>	<u>926,310</u>	<u>160,746</u>	<u>7,881,001</u>	<u>40,452,879</u>
-	62	-	-	2,331,673	9,035,753
-	-	-	-	-	9,377,433
-	-	-	-	-	3,234,547
-	-	-	-	1,772,130	6,426,550
-	1,112,373	-	-	92,225	2,596,536
3,191,404	-	-	-	1,274,638	4,466,042
-	205,000	445,000	-	850,000	1,685,000
-	52,909	579,867	-	524,914	1,175,244
-	-	-	-	426,144	426,144
<u>3,191,404</u>	<u>1,370,344</u>	<u>1,024,867</u>	<u>-</u>	<u>7,271,724</u>	<u>38,423,249</u>
<u>146,729</u>	<u>(419,789)</u>	<u>(98,557)</u>	<u>160,746</u>	<u>609,277</u>	<u>2,029,630</u>
-	-	-	-	1,370,426	1,495,426
-	-	-	-	-	-
-	-	-	-	-	(70,426)
-	-	-	-	-	-
(125,000)	-	-	-	(400,000)	(1,425,000)
<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>970,426</u>	<u>-</u>
21,729	(419,789)	(98,557)	160,746	1,579,703	2,029,630
702,494	1,323,579	5,903,804	9,749,122	11,501,342	42,322,137
<u>\$ 724,223</u>	<u>\$ 903,790</u>	<u>\$ 5,805,247</u>	<u>\$ 9,909,868</u>	<u>\$ 13,081,045</u>	<u>\$ 44,351,767</u>

Summit County
Statement of Changes Reconciliation to
Statement of Activities
Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 2,029,630
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(723,000)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,685,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(58,223)
The net revenue of certain activities of internal service funds is reported with governmental activities.	(37,555)
Change in net assets of governmental activities	<u>\$ 2,895,851</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Year Ended December 31, 2004

	General Fund			
	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Taxes	\$ 9,283,283	\$ 9,283,283	\$ 9,485,550	\$ 202,267
Licenses and permits	32,000	32,000	32,532	532
Intergovernmental	544,600	544,600	598,366	53,766
Federal grants	500,000	500,000	582,695	82,695
State grants	126,905	126,905	137,102	10,197
Charges for services	2,584,440	2,584,440	2,520,823	(63,617)
Fines and forfeitures	36,000	36,000	38,195	2,195
Interest	56,000	56,000	39,007	(16,993)
Miscellaneous	60,000	60,000	68,171	8,171
Total revenues	13,223,228	13,223,228	13,502,441	279,213
<u>Expenditures</u>				
General government	3,746,654	3,746,654	3,569,162	177,492
Public safety	5,677,145	5,677,145	5,607,417	69,728
Highways and public improvements	1,994,180	1,994,180	1,895,280	98,900
Culture and recreation	1,465,152	1,465,152	1,391,938	73,214
Total expenditures	12,883,131	12,883,131	12,463,797	419,334
Excess of revenues over expenditures	340,097	340,097	1,038,644	698,547
Other financing sources (uses):				
Contributions out	(90,426)	(90,426)	(89,188)	1,238
Transfers to other funds, net	496,673	496,673	(900,000)	(1,396,673)
Total other financing uses	406,247	406,247	(989,188)	(1,395,435)
Excess (deficiency) of revenues and other sources over expenditures and other uses	746,344	746,344	49,456	(696,888)
Fund balance January 1, 2004, restated	3,417,072	3,417,072	2,615,198	(801,874)
Fund balance December 31, 2004	\$ 4,163,416	\$ 4,163,416	\$ 2,664,654	\$ (1,498,762)

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Special Revenue Fund - Municipal Services
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>				
Taxes	\$ 5,275,540	\$ 5,596,340	\$ 5,236,774	\$ (359,566)
Licenses and permits	1,184,300	1,184,300	1,503,738	319,438
Intergovernmental	800,000	800,000	777,008	(22,992)
Federal grants	238,525	170,000	285,534	115,534
State grants	1,200,000	1,200,000	1,226,313	26,313
Charges for services	598,100	613,900	615,869	1,969
Fines and forfeitures	550,000	550,000	648,436	98,436
Interest	123,750	123,750	145,464	21,714
Miscellaneous	55,000	10,000	25,027	15,027
	<u>10,025,215</u>	<u>10,248,290</u>	<u>10,464,163</u>	<u>438,948</u>
<u>Expenditures</u>				
General government	3,451,233	3,396,183	3,116,093	280,090
Public safety	3,818,960	3,936,960	3,770,016	166,944
Highways and public improvements	2,966,720	2,830,220	2,759,140	71,080
Debt service:				
Principal	225,000	225,000	185,000	40,000
Interest	225,000	225,000	17,554	207,446
	<u>10,686,913</u>	<u>10,613,363</u>	<u>9,847,803</u>	<u>765,560</u>
Excess of revenues over expenditures	<u>(661,698)</u>	<u>(365,073)</u>	<u>616,360</u>	<u>1,278,058</u>
<u>Other financing sources (uses)</u>				
Transfers from other funds	<u>436,698</u>	<u>140,073</u>	<u>-</u>	<u>(140,073)</u>
Excess of revenues and other sources over expenditures and other uses	<u>(225,000)</u>	<u>(225,000)</u>	<u>616,360</u>	<u>841,360</u>
Fund balance January 1, 2004	<u>9,742,292</u>	<u>9,742,292</u>	<u>9,742,292</u>	<u>-</u>
Fund balance December 31, 2004	<u>\$ 9,517,292</u>	<u>\$ 9,517,292</u>	<u>\$ 10,358,652</u>	<u>\$ 841,360</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Special Revenue Fund - Transient Room Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>				
Taxes	\$ 3,700,000	\$ 3,700,000	\$ 3,315,003	\$ (384,997)
Interest	25,000	25,000	22,267	(2,733)
Miscellaneous	-	-	863	863
Total revenues	<u>3,725,000</u>	<u>3,725,000</u>	<u>3,338,133</u>	<u>(386,867)</u>
<u>Expenditures</u>				
Conservation and economic development	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,191,404</u>	<u>408,596</u>
Excess of revenues over expenditures	<u>125,000</u>	<u>125,000</u>	<u>146,729</u>	<u>21,729</u>
<u>Other financing sources (uses)</u>				
Transfers to other funds	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Total other financing sources	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>21,729</u>	<u>21,729</u>
Fund balance January 1, 2004	<u>702,494</u>	<u>702,494</u>	<u>702,494</u>	<u>-</u>
Fund balance December 31, 2004	<u>\$ 702,494</u>	<u>\$ 702,494</u>	<u>\$ 724,223</u>	<u>\$ 21,729</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Special Revenue Fund - Arts and Recreation Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>				
Taxes	\$ 850,000	\$ 850,000	\$ 925,804	\$ 75,804
Interest	<u>5,000</u>	<u>5,000</u>	<u>24,751</u>	<u>19,751</u>
Total revenues	<u>855,000</u>	<u>855,000</u>	<u>950,555</u>	<u>95,555</u>
<u>Expenditures</u>				
General government	-	-	62	(62)
Culture and recreation	2,255,000	2,255,000	1,112,373	1,142,627
Debt service:				
Principal	-	-	205,000	(205,000)
Interest and finance charges	<u>-</u>	<u>-</u>	<u>52,909</u>	<u>(52,909)</u>
Total expenditures	<u>2,255,000</u>	<u>2,255,000</u>	<u>1,370,344</u>	<u>884,656</u>
Excess of revenues over expenditures	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>(419,789)</u>	<u>980,211</u>
<u>Other financing sources (uses)</u>				
Transfers from other funds	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>	<u>(1,400,000)</u>
Excess of revenues and other sources over expenditures and other uses	-	-	(419,789)	(419,789)
Fund balance January 1, 2004	<u>1,323,579</u>	<u>1,323,579</u>	<u>1,323,579</u>	<u>-</u>
Fund balance December 31, 2004	\$ <u>1,323,579</u>	\$ <u>1,323,579</u>	\$ <u>903,790</u>	\$ <u>(419,789)</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Special Revenue Fund - Public Health
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>				
Taxes	\$ 780,000	\$ 1,160,000	\$ 1,057,395	\$ (102,605)
Intergovernmental	435,151	435,151	791,949	356,798
Federal grants	1,178,057	1,178,057	982,117	(195,940)
State grants	522,444	522,444	275,121	(247,323)
Charges for services	221,560	221,560	227,820	6,260
Interest	7,907	7,907	6,674	(1,233)
Miscellaneous	5,000	5,000	13,453	8,453
 Total revenues	 <u>3,150,119</u>	 <u>3,530,119</u>	 <u>3,354,529</u>	 <u>204,410</u>
<u>Expenditures</u>				
Public health	<u>3,530,119</u>	<u>3,530,119</u>	<u>3,234,547</u>	<u>295,572</u>
 Excess of revenues over expenditures	 <u>(380,000)</u>	 <u>-</u>	 <u>119,982</u>	 <u>119,982</u>
<u>Other financing sources (uses)</u>				
Transfers from other funds	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues and other sources over expenditures and other uses	 <u>-</u>	 <u>-</u>	 <u>119,982</u>	 <u>119,982</u>
 Fund balance January 1, 2004	 <u>784,306</u>	 <u>784,306</u>	 <u>784,306</u>	 <u>-</u>
 Fund balance December 31, 2004	 <u>\$ 784,306</u>	 <u>\$ 784,306</u>	 <u>\$ 904,288</u>	 <u>\$ 119,982</u>

The notes to the financial statements are an integral part of this statement.

Summit County
Statement of Net Assets
Proprietary Fund - Internal Service Fund
December 31, 2004

ASSETS

Cash and cash equivalents	\$ 1,143,442
Accounts receivable	-
Property and equipment:	
Equipment	12,820,965
Accumulated depreciation - equipment	(6,557,848)
	<hr/>
Total assets	\$ 7,406,559
	<hr/>

NET ASSETS

Fixed assets net of related debt	\$ 6,263,117
Retained earnings - unreserved	1,143,442
	<hr/>
Total Equity	7,406,559
	<hr/>
Total net assets	\$ 7,406,559
	<hr/>

The notes to the financial statements are an integral part of this statement.

Summit County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund - Internal Service Fund
Year Ended December 31, 2004

Operating revenues:	
Charges for service	\$ 1,361,424
Total operating revenues	<u>1,361,424</u>
Operating expenses:	
Depreciation	<u>1,341,446</u>
Total operating expenses	<u>1,341,446</u>
Operating income	<u>19,978</u>
Nonoperating revenues (expenses):	
Miscellaneous	34,420
Gain on sale of assets	-
Interest income	<u>16,843</u>
Total nonoperating revenues (expenses)	<u>51,263</u>
Change in net assets	71,241
Total net assets - beginning (restated)	<u>7,335,318</u>
Total net assets - ending	<u><u>\$ 7,406,559</u></u>

SUMMIT COUNTY
Statement of Cash Flows
Proprietary Fund - Internal Service Fund
Year Ended December 31, 2004

Cash flows from operating activities

Cash received from quasi-external transactions	\$ 1,361,424
Miscellaneous	34,420
Interest income	<u>16,843</u>
Net cash flows from operating activities	<u>1,412,687</u>

**Cash flows from capital and
related financing activities**

Cash paid for property and equipment	<u>(1,324,146)</u>
Net cash flows from capital and related financing activities	<u>(1,324,146)</u>

Cash and cash equivalents at beginning of year	<u>1,054,901</u>
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Cash and cash equivalents at end of year	<u><u>\$ 1,143,442</u></u>
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Cash flows from operating activities

Operating income	\$ 71,241
Noncash revenue and expense adjustments	
Depreciation expense	<u>1,341,446</u>
Net cash flows from operating activities	<u><u>\$ 1,412,687</u></u>

SUMMIT COUNTY
Combining Balance Sheets
Fiduciary Funds
December 31, 2004

	<u>Agency Funds</u>			
	<u>Court Clerk</u>	<u>Treasurer's Tax Fund</u>	<u>Payroll</u>	<u>Total</u>
<u>Assets</u>				
Pooled cash and cash equivalents	\$ 4,495,032	\$ 6,381,498	\$ 639,614	\$ 11,516,144
Accounts receivable	118,964	9,320,087	-	9,439,051
Total assets	<u>\$ 4,613,996</u>	<u>\$ 15,701,585</u>	<u>\$ 639,614</u>	<u>\$ 20,955,195</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 639,614	\$ 639,614
Tax payable	-	6,356,532	-	6,356,532
Interest payable	-	133,659	-	133,659
Other collections payable	-	9,211,394	-	9,211,394
Total liabilities	<u>-</u>	<u>15,701,585</u>	<u>639,614</u>	<u>16,341,199</u>
<u>Fund Equity</u>				
Reserved for tax stability	<u>4,613,996</u>	<u>-</u>	<u>-</u>	<u>4,613,996</u>
Total liabilities and fund equity	<u>\$ 4,613,996</u>	<u>\$ 15,701,585</u>	<u>\$ 639,614</u>	<u>\$ 20,955,195</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Combining Statement of Changes
in Assets and Liabilities -- Agency Funds
Year Ended December 31, 2004

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
<u>Court Clerk Fund</u>				
<u>Assets</u>				
Pooled cash and cash equivalents	\$ 3,244,012	\$ 1,956,870	\$ (705,850)	\$ 4,495,032
Accounts receivable	-	118,964	-	118,964
	<u>-</u>	<u>118,964</u>	<u>-</u>	<u>118,964</u>
Total assets	\$ <u>3,244,012</u>	\$ <u>2,075,834</u>	\$ <u>(705,850)</u>	\$ <u>4,613,996</u>
<u>Liabilities</u>				
Court and other trust deposits	983,928	8,341,443	(9,325,371)	-
Other collections payable	2,223,930	-	(2,223,930)	-
	<u>2,223,930</u>	<u>-</u>	<u>(2,223,930)</u>	<u>-</u>
Total liabilities	3,207,858	8,341,443	(11,549,301)	-
	<u>3,207,858</u>	<u>8,341,443</u>	<u>(11,549,301)</u>	<u>-</u>
<u>Fund Equity</u>				
Reserved for tax stability	36,154	4,577,842	-	4,613,996
	<u>36,154</u>	<u>4,577,842</u>	<u>-</u>	<u>4,613,996</u>
Total liabilities and fund equity	\$ <u>3,244,012</u>	\$ <u>12,919,285</u>	\$ <u>(11,549,301)</u>	\$ <u>4,613,996</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Combining Statement of Changes
in Assets and Liabilities -- Agency Funds, Continued
Year Ended December 31, 2004

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
<u>Treasurer's Tax Fund</u>				
<u>Assets</u>				
Restricted cash	\$ 5,938,193	\$ 90,934,679	\$ (90,491,374)	\$ 6,381,498
Accounts receivable	<u>10,283,267</u>	<u>9,320,087</u>	<u>(10,283,267)</u>	<u>9,320,087</u>
Total assets	<u>\$ 16,221,460</u>	<u>\$ 100,254,766</u>	<u>\$ (100,774,641)</u>	<u>\$ 15,701,585</u>
<u>Liabilities and Fund Equity</u>				
Tax payable	\$ 5,949,986	\$ 6,356,532	\$ (5,949,986)	\$ 6,356,532
Interest payable	78,994	133,659	(78,994)	133,659
Tax collections payable	<u>10,192,480</u>	<u>9,277,878</u>	<u>(10,258,964)</u>	<u>9,211,394</u>
Total liabilities and fund equity	<u>\$ 16,221,460</u>	<u>\$ 15,768,069</u>	<u>\$ (16,287,944)</u>	<u>\$ 15,701,585</u>

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
<u>Payroll Fund</u>				
<u>Assets</u>				
Pooled cash and cash equivalents	\$ <u>777,274</u>	\$ <u>12,430,327</u>	\$ <u>(12,567,986)</u>	<u>\$ 639,615</u>
Total assets	<u>\$ 777,274</u>	<u>\$ 12,430,327</u>	<u>\$ (12,567,986)</u>	<u>\$ 639,615</u>
<u>Liabilities and Fund Equity</u>				
Accounts payable and accrued liabilities	\$ <u>777,274</u>	\$ <u>6,021,108</u>	\$ <u>(6,158,767)</u>	<u>\$ 639,615</u>
Total liabilities and fund equity	<u>\$ 777,274</u>	<u>\$ 6,021,108</u>	<u>\$ (6,158,767)</u>	<u>\$ 639,615</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Combining Statement of Changes
in Assets and Liabilities -- Agency Funds, Continued
Year Ended December 31, 2004

	<u>Balance</u> <u>January 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2004</u>
<u>Total All Agency Funds</u>				
<u>Assets</u>				
Pooled cash and cash equivalents	\$ 4,021,286	\$ 14,387,197	\$ (13,273,836)	\$ 5,134,647
Restricted cash	5,938,193	90,934,679	(90,491,374)	6,381,498
Accounts receivable	<u>10,283,267</u>	<u>9,439,051</u>	<u>(10,283,267)</u>	<u>9,439,051</u>
Total assets	<u>\$ 20,242,746</u>	<u>\$ 114,760,927</u>	<u>\$ (114,048,477)</u>	<u>\$ 20,955,196</u>
<u>Liabilities</u>				
Accounts payable	\$ 777,274	\$ 6,021,108	\$ (6,158,767)	\$ 639,615
Court and other trust deposits	983,928	8,341,443	(9,325,371)	-
Tax payable	5,949,986	6,356,532	(5,949,986)	6,356,532
Interest payable	78,994	133,659	(78,994)	133,659
Uncollected tax payable	10,192,480	9,277,878	(10,258,964)	9,211,394
Other collections payable	<u>2,223,930</u>	<u>-</u>	<u>(2,223,930)</u>	<u>-</u>
Total liabilities	<u>20,206,592</u>	<u>30,130,620</u>	<u>(33,996,012)</u>	<u>16,341,200</u>
<u>Fund Equity</u>				
Reserved for tax stability	<u>36,154</u>	<u>4,577,842</u>	<u>-</u>	<u>4,613,996</u>
Total liabilities and fund equity	<u>\$ 20,242,746</u>	<u>\$ 34,708,462</u>	<u>\$ (33,996,012)</u>	<u>\$ 20,955,196</u>

The notes to the financial statements are an integral part of this statement.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

(1) Summary of History and Significant Accounting Policies

History and Organization

Summit County, Utah, (the County) was incorporated in 1896 under the laws of the State of Utah and operates under a three-member commission form of government. The County provides the following services: public safety, public health, highways and public improvements, sanitation, planning and zoning, recreation, conservation and economic development and general administrative services.

A. The Reporting Entity

The County is incorporated under the constitutional provisions of the State of Utah. The County operates under a Commission form of government where the three-member elected Commission has budgetary authority over all County departments and is accountable for all fiscal matters. County property taxes and sales taxes fund a significant portion of the costs of providing services to citizens including public safety, health, courts, highways and streets, sanitation, planning and zoning, recreation, libraries, and general administrative services.

The basic financial statements of Summit County include the financial statements for all departments, agencies, and boards of the County based on the criteria set forth in GASB Statement 14. The primary criteria for including an organization in the basic financial statements is financial accountability, meaning the County appoints a majority of the organization's governing body *and* either 1) the County can impose its will on the organization, or 2) the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on the County. Other criteria include whether a board or agency is fiscally dependent on the County or whether the relationship with the organization is such that it would be misleading to exclude it from the County's financial statements. Entities that meet the criteria are *component units*.

Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Unit. The Redevelopment Agency (the Agency) of Summit County is governed by a three-member board, who are the County Commissioners. The Agency was established to further public purposes in the redevelopment of certain County areas. It is included in the accompanying financial statements as a blended component unit.

Complete financial statements of the individual units determined not to be component units of Summit County, which issued separate financial statements as noted below, can be obtained from their respective administrative offices.

Discretely Presented Component Unit. Mountain Regional Water Special Service District, formerly Atkinson Special Service District and Snyderville Basin Recreation Special Service District (the Districts), are included as discretely presented component units in the County's financial statements because of the significance of their operational and financial relationship with the County. The County is financially accountable for the Districts because the County's commission approves the Districts' budget and must approve any debt issuances.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Non-Component Units. The following County agencies and funds are audited by other independent auditors. Members of each board are appointed by the Summit County Commission:

Service Area #5 - covering Lake Rockport Estates and Rockport Ranches Subdivisions was created April 9, 1975, maintains roads, water and sewer for the subdivision.

The North Summit Fire District - created August 4, 1976, provides fire protection for residents of the northern portion of Summit County.

The Park City Fire District - created May 29, 1984, provides fire protection for the residents in Park City and the surrounding area.

The North Summit Mosquito Abatement District - created November 19, 1986, provides mosquito abatement services for the residents of the northern portion of Summit County.

The Timberline Water Service District - created November 19, 1986, provides water service to residents of the Timberline subdivision area.

The Echo Creek Ranch Service District - created December 14, 1988, provides road maintenance service to residents of the Echo Creek Ranch subdivision area.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

B. Government-wide and fund financial statements

The County's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the County as a whole, while the fund statements focus on individual funds.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The government reports the following major proprietary funds:

Internal service funds account for fleet and other large purchases provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for services. Operating expenses for internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings: the first billing (disclosure notices mailed before July 31) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed before October 31) reflects adjustments to the current year's actual levy. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/ first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the Building Authority's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond operations and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the Building Authority's operation that could adversely affect debt service payments. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Infrastructure capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized. The County has elected to follow the modified approach for depreciation of infrastructure assets.

Capital assets, with the exception of infrastructure, are depreciated. Depreciation of buildings, equipment and vehicles is computed using the straight-line method.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Assets	Years
Buildings and Improvements	25 – 50
Equipment	3 – 10
Automotive Equipment	3 – 10

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

(2) Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$26,211,232 difference are as follows:

General obligation bonds payable - noncurrent portion	\$ 25,311,000
Premium on issuance	4,740
Bond interest payable	77,044
Deferred issuance costs	(58,046)
Compensated absences	876,494
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 26,211,232</u>

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The County issued no new long-term debt and retired \$1.7 million during 2004.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Capital Outlay	
General government	\$ 38,020
Public safety	156,153
Public health	-
Highways and public improvements	259,622
Culture and recreation	3,991
Depreciation	
General government	(414,460)
Public safety	(607,394)
Public health	(14,436)
Highways and public improvements	(86,669)
Culture and recreation	(57,830)
Total	<u>\$ (723,000)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$58,223 difference are as follows:

General government	\$ (16,839)
Public safety	(29,791)
Public health	(11,009)
Highway and public improvements	(5,828)
Culture and recreation	(1,295)
Interest on long-term debt - accrual at year end	(77,044)
Interest on long-term debt - accrued at prior year end	83,582
Total	<u>\$ (58,223)</u>

Another element of the reconciliation is that the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. Therefore, the net revenue of the activities of the internal service fund should be reported with governmental activities. At December 31, 2004, the net revenues of the fleet internal service fund was \$37,555.

(3) Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

departments require the approval of the commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The commission made several supplemental budgetary appropriations at year's end. The supplemental budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended December 31, 2004, no Summit County department revenues or expenditures exceeded appropriations.

C. Deficit fund equity

One special revenue fund, the Transit District, which was created in 2003, has a deficit fund equity balance of \$57,837. This balance should be corrected by year end 2005. There is also a debt service fund, Atkinson Water District, which is an assessment district, and for which the County guarantees payment, has a deficit fund equity balance of \$29,271. This condition may persist until the bonds are paid in 2008.

(4) Detailed notes on all funds

A. Deposits and Investments

Deposits and investments for the County are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the County's exposure to various risks related to its cash management activities.

1. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of County funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The County's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The County's deposits at December 31, 2004 were \$9,694,357, of which \$8,894,357 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk of investments. The entire \$7,643,983 of the County's investments in commercial paper are uninsured,

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

unregistered, and held by the counterparty's trust department but not in the County's name and are therefore exposed to custodial credit risk.

2. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The County's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The County is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. At December 31, 2004 the County had \$30,087,390 invested in the PTIF. Investments in the PTIF do not have a maturity date.

3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less.

4. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Municipal Services	Public Health	Transient Room Tax	Arts & Recreation Tax	Bond Redemption	Other Governmental Funds	Total Governmental Funds
Accounts receivable*	\$ 2,212,479	\$ 1,196,527	\$ 616,668	\$ 82,580	\$ 55,964	\$ 15,031	\$ 684,880	\$ 4,864,129
Due From Other Govt. Units	176,767	168,988	-	-	-	-	-	345,755
Net Total Receivables	<u>\$ 2,389,246</u>	<u>\$ 1,365,515</u>	<u>\$ 616,668</u>	<u>\$ 82,580</u>	<u>\$ 55,964</u>	<u>\$ 15,031</u>	<u>\$ 684,880</u>	<u>\$ 5,209,884</u>

*Net of allowance of \$90,085 for uncollectible debt

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

C. Capital Assets

Net assets of the County's internal services fund are included in the Governmental Statement of Activities. Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,469,205	\$ 39,663	\$ -	\$ 2,508,868
Infrastructure	56,625,149	-	19,482	56,605,667
Total capital assets not being depreciated	<u>59,094,354</u>	<u>39,663</u>	<u>19,482</u>	<u>59,114,535</u>
Capital assets being depreciated:				
Buildings	31,172,631	259,622	-	31,432,253
Improvements other than buildings	160,640	-	-	160,640
Machinery and Equipment	17,018,859	1,733,239	3,345,152	15,406,946
Total capital assets being depreciated	<u>48,352,130</u>	<u>1,992,861</u>	<u>3,345,152</u>	<u>46,999,839</u>
Less accumulated depreciation for:				
Buildings	10,561,500	1,002,014	-	11,563,514
Improvements other than buildings	146,613	2,644	-	149,257
Equipment	10,196,520	1,559,357	3,345,152	8,410,725
Total accumulated depreciation	<u>20,904,633</u>	<u>2,564,015</u>	<u>3,345,152</u>	<u>20,123,496</u>
Total capital assets, being depreciated, net	<u>27,447,497</u>	<u>(571,154)</u>	<u>-</u>	<u>26,876,343</u>
Governmental activities capital assets, net	<u>\$86,541,851</u>	<u>\$ (531,491)</u>	<u>\$ 19,482</u>	<u>\$85,990,878</u>

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 414,460
Public safety	607,394
Public Health	14,436
Highways and public improvements	86,669
Culture and recreation	57,858
Conservation and economic development	-
Capital assets held by the county's internal service funds are charged to the various functions based on their usage of the assets	1,383,197
Total depreciation expense - governmental activities	<u>\$ 2,564,015</u>

D. Interfund receivables, payables, and transfers

The amounts payable to the general fund relate to working capital loans made to the internal service funds upon their creation. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers:	Transfer In:				Total Out
	General Fund	Capital Projects Fund	Building Authority	Senior Citizens	
Transfer out:					
General Fund	\$ -	\$ -	\$ 900,000	\$ 70,426	\$ 970,426
Transient Room	125,000	-	-	-	125,000
Service Areas	-	400,000	-	-	400,000
Total In	<u>\$ 125,000</u>	<u>\$ 400,000</u>	<u>\$ 900,000</u>	<u>\$ 70,426</u>	<u>\$1,495,426</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

E. Leases

Capital Leases

The Mountain Regional Water S. S. D. leases equipment under a capital lease expiring in 2005. The cost of the equipment, \$62,710 was capitalized in the District's property and equipment. During the year ending December 31, 2004, the District made payments on the lease totaling \$ 14,685.

As of December 31, 2004, future minimum lease payments together with the present value of the net minimum lease payments are \$9,789.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

F. Long-term debt

Changes in long-term liabilities for the year ended December 31, 2004 were as follows:

Governmental Activities	Long-term Liabilities				Principal Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Atkinson SID Bonds 1987 5%	\$ 64,000	\$ -	\$ 16,000	\$ 48,000	\$ 16,000
Timberline SID Bonds 1987 5%	93,000	-	23,000	70,000	23,000
Utah SA Bonds, Summit Park 1992 0%	1,504,000	-	188,000	1,316,000	188,000
Park Ridge Estates ID/SA Bonds 1993 0%	170,000	-	17,000	153,000	17,000
GO Public Safety Bonds 1995 5.0 – 5.9%	6,575,000	-	405,000	6,170,000	425,000
Excise Tax Revenue Bonds 1998 5.45 – 5.75%	585,000	-	185,000	400,000	195,000
MBA of Summit Co. Lease Revenue Bonds 1998 4.2 – 4.7%	3,070,000	-	250,000	2,820,000	260,000
Timberline SID SA Bonds 0%	320,000	-	21,000	299,000	21,000
GO Public Safety Refunding Bonds 1998 3.8 – 4.6%	5,605,000	-	40,000	5,565,000	40,000
MBA of Summit Co. Lease Revenue Bonds 2000 4.4- 5.25%	2,760,000	-	175,000	2,585,000	180,000
MBA of Summit Co. Lease Rev Bonds 2000 5.1 – 5.6%	4,275,000	-	160,000	4,115,000	170,000
Arts and Recreation Tax Revenue Bonds 2003 2.13%	1,975,000	-	205,000	1,770,000	215,000
Compensated Absences	811,733	64,761		876,494	
Total Government Long- term Liabilities	<u>\$27,807,733</u>	<u>\$ 64,761</u>	<u>\$ 1,685,000</u>	<u>\$26,187,494</u>	<u>\$ 1,750,000</u>

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

The annual requirements to amortize all long-term notes and bond debt outstanding, less Compensated Absences of \$876,494, as of December 31, 2004, including interest and fiscal fees are as follows:

Year	Primary Government	Component Units
2005	\$ 2,897,400	\$ 5,433,723
2006	8,198,585	5,346,781
2007	2,384,061	5,129,321
2008	2,353,473	5,036,298
2009	2,351,603	4,950,571
Thereafter	13,517,544	91,048,915
Total long-term debt	31,702,666	116,945,609
Less interest portion	(6,391,666)	(49,758,683)
Principal portion	<u>\$25,311,000</u>	<u>\$ 67,186,926</u>

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$14,725,000, of which \$5,775,000 was a partial refunding of the original \$8,950,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Public Safety Bonds	5.0 – 5.9%	\$ 6,170,000
Public Safety Refunding Bonds	3.8 – 4.6%	\$ 5,565,000

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. No amounts outstanding at the end of the current fiscal year related to bonds issued in prior years. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
	5.45 –	
Excise Tax Revenue Bonds	5.75%	\$ 400,000
MBA of Summit Co. Lease Revenue Bonds 1998	4.2 – 4.7%	\$2,820,000
MBA of Summit Co. Lease Revenue Bonds 2000	4.4 – 5.25%	\$2,585,000
MBA of Summit Co. Lease Revenue Bonds 2000	5.1 – 5.6%	\$4,115,000
Arts and Recreation Tax Revenue Bonds 2003	2.0 – 3.45%	\$1,770,000

Advance and Current Refundings

The county issued \$5,775,000 of general obligation refunding bonds in 1998 to take advantage of lower interest rates, thereby, reducing the total payoff of the general obligation debt of the County. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

G. Segment Information

As of December 31, 2004 Mountain Regional Water S. S. D. notes and bonds payable consist of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
State of Utah, Division of Water Resources	0%	\$ 82,032
State of Utah, Division of Water Resources	0%	147,894
Water Revenue Bonds 1991	5%	180,000
Taxable Water Revenue Bonds 2002	1.51%	326,000
Taxable Water Revenue Bonds 2002	0%	396,000
Water Revenue and Refunding Bonds 2003	2.0 - 5.0%	32,900,000
Special Assessment Bonds 2003	6.25 - 7.0%	17,300,000

As of December 31, 2004 Snyderville Basin Recreation Special Service District bonds payable consisted of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General Obligation Bonds 1996	4.5 - 5.5%	\$ 490,000
General Obligation Bonds 1997	4.7 - 6.5%	370,000
General Obligation Bonds 2002	4.2 - 4.8%	5,710,000
General Obligation Bonds 2004	2.0 - 5.0%	9,285,000

(5) Other Information

A. Risk Management

Summit County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The County is a member of the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The County pays an annual premium to ULGT for its general insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Commitments – Solid Waste Landfill

Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its Three Mile Canyon and Henefer landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$614,020 reported as landfill closure and postclosure care liability at December 31, 2004, represents the cumulative amount reported to date based on the use of 29.33 percent of the estimated capacity of the Three Mile Canyon landfill and the use of 68.62 percent of the estimated capacity of the Henefer landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$614,020 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County expects to close the Three Mile Canyon landfill in the year 2011 and the Henefer landfill in the year 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to assure financial resources for the closure and postclosure care costs through the "local government financial test". By utilizing this test, the County is not required to establish a separate fund to accumulate the monies for closure and postclosure care requirements. Instead, the County may assure closure and postclosure care costs with up to 43 percent of the County's total annual revenue. The County's total revenues are sufficiently high to comply with the "local government financial test" without making annual contributions to a separate trust fund. Another requirement of the "local government financial test" is that the County has not operated at a deficit equal to 5 percent or more of the total revenue in each of the past two years. Summit County has not operated at a deficit equal to 5 percent or more of the total revenue in either of the past two years.

C. Retirement Plans

Plan Description. Summit County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits,

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of Utah Code Annotated 1953 as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South Salt Lake City, UT 84102 or by calling 1-800-365-8772; or by visiting www.urs.org.

Funding Policy. Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Summit County is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Summit County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System, division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and Summit County is required to contribute 7.70% of their annual salary. The contribution rates are the actuarially determined. The contribution requirements of the Systems are authorized by Chapter 49.

Summit County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2002, 2003 and 2004 were \$13,396, \$14,850, and \$14,378, respectively. For the Noncontributory Retirement System, the contributions for December 31, 2002, 2003 and 2004 were \$470,567, \$557,743, and \$720,746, respectively. For the Public Safety Retirement System, the contributions for December 31, 2002, 2003 and 2004 were \$291,875, \$368,478, and \$482,494, respectively. The contributions were equal to the required contributions for each year.

(6) Prior Period Adjustments

The following is a summary of adjustments made during the year ended December 31, 2004 that effect beginning fund balances.

General Fund

An adjustment was required to correct the year in which expenditures were recorded. A prior period adjustment of \$36,228 was made to decrease the 2003 fund balance.

Special Revenue Funds

An adjustment was required to correct the year in which revenue was earned and expenditures were recorded. A prior period adjustment of \$193,867 was made to decrease the 2003 fund balance.

SUMMIT COUNTY
Notes to the Basic Financial Statements
Year Ended December 31, 2004

Property, Equipment and Buildings

An adjustment was required to correct the value at which certain facilities were recorded on the records of the County as a result of the valuation process used at the time of the conversion of the financial statements to the new reporting model under Government Accounting Standards Board Statement 34. A prior period adjustment of \$2,115,311 was made to increase the 2003 fixed assets and net assets.

SUMMIT COUNTY
Required Supplementary Information
Year Ended December 31, 2004

REQUIRED SUPPLEMENTARY INFORMATION

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the County has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by Summit County. Under this alternative method, referred to as the “modified approach”, infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the County is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the County.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the County.

Road Condition Report:

Summit County’s Pavement Management System is based on the Remaining Service Life (RSL) of the roadway structure. The Remaining Service Life is calculated using a condition assessment based on the American Association of State Highway and Transportation Officials (AASHTO) pavement management system. The condition of pavements and other road surfaces is based on stress factors found in pavement surfaces (i.e. rutting and cracking). Condition assessments are completed every two years. Summit County’s policy will be to inspect and rate one half of its roads each year and to keep the percentage of road mileage having a RSL of 5 years or less to below 10%.

Road RSL	2004 Percentage
RSL < 15 Years	2%
RSL 10 – 15 Years	41%
RSL 5 – 10 Years	53%
RSL > 5 Years	4%

Summit County began its formal pavement management system in the winter of 2004 and will continue to rate and report the condition of its Road System in the years to come.

SUMMIT COUNTY
Required Supplementary Information
Year Ended December 31, 2004

Bridge Condition Report:

Summit County depends on the Utah Department of Transportation (UDOT) to inspect and report the condition of the Bridges on the County Road System. UDOT conducts an inspection of each bridge that has a span of 20 feet or more every two years and issues a report to the County. The report generates a "Sufficiency Rating" (SR) which is an assessment of the overall condition of the bridge (numerical compilation of structural condition, traffic volumes, geometric standards, etc.). Federal Highways and UDOT have a policy that allows the use of federal funds to 1) replace a bridge when the sufficiency rating is below 50; and 2) to rehabilitate a bridge when the sufficiency rating is below 70. Summit County uses this same rating system to budget for major repairs or replacement of its bridges.

<u>Bridge Sufficiency Rating</u>	<u>2003 Percentage</u>	<u>2004 Percentage</u>
SR < 60	83.90%	80.64%
SR 59 – 51	12.90%	16.13%
SR > 50	3.20%	3.23%

The following table presents the County's estimated amounts needed to maintain and preserve the roads and bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods:

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2004	\$1,839,000	\$1,506,522
2003	2,921,535	1,478,961
2002	3,410,500	887,650
2001	3,588,500	2,386,020
2000	N/A	1,550,832

SUMMIT COUNTY
Tax Collection Trust Fund
Cash Receipts and Disbursements
Year Ended December 31, 2004

	Tax Collection Revenue	Disbursements
<u>Treasurer's Collection Accounts</u>		
Current year taxes	\$ 76,480,468	\$ 76,480,468
Redemption of prior year taxes	5,269,723	5,269,723
Motor vehicle fee in lieu	3,669,181	3,669,181
Interest/penalty income	556,806	556,806
Miscellaneous	<u>921,687</u>	<u>921,687</u>
Total treasurer's collection accounts	\$ <u>86,897,864</u>	\$ <u>86,897,864</u>
<u>County</u>		
County general funds	\$ 1,989,265	\$ 1,989,265
County municipal funds	<u>9,971,913</u>	<u>9,971,913</u>
Total county funds	<u>11,961,177</u>	<u>11,961,177</u>
<u>Assessing and Collecting</u>		
Multi County assessing and collecting	1,492,423	1,492,423
Local assessing and collecting	<u>1,274,683</u>	<u>1,274,683</u>
Total assessing and collecting	<u>2,767,106</u>	<u>2,767,106</u>
<u>School Districts</u>		
Park City	38,333,692	38,333,692
North Summit	7,649,795	7,649,795
South Summit	<u>3,889,850</u>	<u>3,889,850</u>
Total school districts	<u>49,873,336</u>	<u>49,873,336</u>
<u>Cities and Towns</u>		
Coalville	231,175	231,175
Francis	108,279	108,279
Henefer	35,490	35,490
Kamas	144,925	144,925
Oakley	147,332	147,332
Park City	<u>7,992,440</u>	<u>7,992,440</u>
Total cities and towns	\$ <u>8,659,641</u>	\$ <u>8,659,641</u>

SUMMIT COUNTY
Tax Collection Trust Fund
Cash Receipts and Disbursements, Continued
Year Ended December 31, 2004

	Tax Collection Revenue	Disbursements
Other Districts		
Weber Basin Water Conservancy	1,042,927	1,042,927
Central Utah Water Conservancy	33,582	33,582
Park City Fire Protection	5,406,596	5,406,596
Wildland Fire Protection	3,575	3,575
South Summit Fire District	220,528	220,528
North Summit Fire District	176,299	176,299
South Summit Cemetary	85,673	85,673
Hoytsville Cemetary	13,298	13,298
Wanship Cemetary	3,386	3,386
Summit County Service Area #3	149,985	149,985
Summit County Service Area #5	14,840	14,840
Summit County Service Area #6	749,152	749,152
Summit County Service Area #8	618,449	618,449
North Summit Mosquito	97,387	97,387
Snyderville Basin Recreation	4,588,519	4,588,519
	<u>13,204,196</u>	<u>13,204,196</u>
Total other districts		
Other Collections		
Entities		
Timberline Water SSD	7,978	7,978
Atkinson Water SID	1,023	1,023
Summit Park Water SSD	-	-
Weber Basin Water Special	170,260	170,260
Summit Park Water SSD Bond	10,208	10,208
Park Ridge Water SID	74,211	74,211
Timberline Water 94 SID	5,060	5,060
Snyderville Basin Sewer SSD	95,089	95,089
Summit Park Water SID	35,570	35,570
Summit County Redevelopment Agency	19,107	19,107
Timberline Water SID	4,901	4,901
Other Redevelopment Agencies	9,000	9,000
	<u>432,408</u>	<u>432,408</u>
Total other collections		
Total due to taxing units	<u>\$ 86,897,864</u>	<u>\$ 86,897,864</u>

See accompanying notes and independent auditors' report.

SUMMIT COUNTY
Schedule of Current Taxes Levied and Collected
12/31/2004

	Total Adjusted Real / Personal Property Value	Redevelopment Agency Value	Current Year Real and Centrally Assessed Property Tax Rate	Prior Year Personal Property Tax Rate	Total Taxes Charged	Total Relief	Taxes Collected	Annual Collection Rate	Fee-in-lieu /age based Revenue	Misc. Collections	Prior Year Delinquent Taxes Collected	Interest and Penalty on Delinquent Taxes Collected
Tax Entities												
County municipal funds	\$ 3,838,298,203	\$ -	0.000280	0.000253	2,224,326	\$ 150,034.97	\$ 2,074,291.52	93.23%	\$ 115,395.37	\$ 20,464.46	\$ 157,032.02	7,066
County general funds	7,494,137,388	309,950,273	0.001220	0.001186	9,138,323	\$ 552,783.51	\$ 8,585,539.10	93.95%	\$ 412,050.73	\$ 57,897.27	\$ 618,469.67	360,437
Total county funds					11,362,649	702,818	10,659,831		\$ 27,446	78,362	775,502	367,503
Assessing and Collecting												
State portion	7,809,859,201	-	0.000180	0.000181	1,403,914	\$ 82,393.66	\$ 1,321,519.86	94.14%	\$ 60,794.37	\$ 8,611.64	\$ 95,348.49	4,148
Local portion	7,809,859,201	-	0.000154	0.000156	1,202,996	\$ 70,651.27	\$ 1,132,344.77	94.13%	\$ 52,012.96	\$ 7,378.21	\$ 79,661.09	3,286
Total assessing and collecting					2,605,910	153,045	2,452,865		112,807	15,990	175,010	7,434
School Districts												
Park City	5,835,904,620	309,920,989	0.005883	0.005672	34,310,662	\$ 2,209,428.23	\$ 32,101,233.91	93.56%	\$ 1,360,098.11	\$ 199,252.32	\$ 2,402,010.30	98,033
South Summit	1,151,659,519	-	0.006089	0.006107	7,012,821	\$ 319,684.07	\$ 6,693,136.74	95.44%	\$ 407,820.33	\$ 55,143.20	\$ 470,170.16	23,524
North Summit	506,524,286	-	0.007142	0.006096	3,608,624	\$ 169,751.49	\$ 3,438,872.07	93.50%	\$ 287,670.93	\$ 28,460.41	\$ 133,506.75	6,340
Total school districts					44,932,107	2,698,864	42,233,243		2,050,589	287,856	3,005,687	127,897
Cities and Towns												
Coalville	55,069,790	-	0.003557	0.003685	196,467	\$ 14,152.37	\$ 182,314.66	92.80%	\$ 39,184.78	\$ 82,335	\$ 8,453.28	370
Francis	39,992,781	-	0.002344	0.002405	93,797	\$ 2,038.60	\$ 88,758.04	94.63%	\$ 12,348.06	\$ 879.06	\$ 5,992.59	301
Hendler	21,533,085	-	0.001200	0.001239	25,870	\$ 1,297.91	\$ 24,572.19	94.98%	\$ 9,516.55	\$ 338.52	\$ 1,014.07	59
Kamas	68,929,066	-	0.001710	0.001785	118,132	\$ 11,196.05	\$ 106,935.75	90.32%	\$ 30,974.43	\$ 1,018.21	\$ 5,802.02	195
Oakley	100,232,797	-	0.001131	0.001093	113,319	\$ 11,671.87	\$ 101,647.16	89.70%	\$ 11,751.96	\$ 1,394.69	\$ 30,288.76	2,249
Park City	3,369,676,415	310,586,766	0.002525	0.002267	8,494,873	\$ 417,510.92	\$ 8,077,361.76	95.09%	\$ 217,326.34	\$ 21,724.22	\$ 456,508.80	16,310
Total cities and towns					9,042,457	460,868	8,581,590		321,102	26,197	508,060	19,484
Other Taxing Districts												
Weber Basin Water District	6,705,556,349	309,406,653	0.000198	0.000198	1,327,700	\$ 83,577.77	\$ 1,244,122.39	93.71%	\$ 64,905.78	\$ 8,399.25	\$ 93,969.89	3,892
Central Utah Water Dist.	83,096,950	-	0.000353	0.000359	30,046	\$ 2,061.71	\$ 27,983.93	93.14%	\$ 3,507.60	\$ 276.23	\$ 1,731.00	83
Park City Fire District	5,931,565,480	309,484,300	0.000885	0.000885	6,965,138	\$ 417,065.22	\$ 6,548,072.46	94.01%	\$ 272,805.67	\$ 37,998.87	\$ 387,189.48	15,975
SC Wildland Fire District	595,095,369	-	0.000066	0.000066	3,571	\$ 111.21	\$ 3,459.36	96.89%	\$ 0.01	\$ 10.06	\$ 100.56	5
South Summit Fire Dist.	543,305,732	-	0.000353	0.000353	189,111	\$ 13,163.08	\$ 175,948.03	93.04%	\$ 23,307.17	\$ 2,212.10	\$ 18,016.03	1,045
North Summit Fire Dist.	422,306,099	-	0.000380	0.000361	160,315	\$ 6,373.61	\$ 153,940.97	96.02%	\$ 15,039.90	\$ 1,864.04	\$ 5,228.43	226
South Summit Cemetery	854,654,909	-	0.000091	0.000089	77,757	\$ 3,652.87	\$ 74,104.39	95.30%	\$ 6,094.87	\$ 637.41	\$ 4,576.61	259
Wanship Cemetery Dist.	137,141,744	-	0.000075	0.000075	12,748	\$ 468.29	\$ 12,279.72	96.33%	\$ 338.42	\$ 209.64	\$ 255.98	14
Hoysville Cemetery Dist.	43,449,739	-	0.000065	0.000067	2,825	\$ 117.52	\$ 2,707.07	95.83%	\$ 339.02	\$ 70.15	\$ 66.87	3
Service Area #3	95,469,183	-	0.001379	0.001400	131,658	\$ 8,908.69	\$ 122,749.50	93.23%	\$ 17,998.27	\$ 362.39	\$ 8,517.85	357
Service Area #5	10,906,094	-	0.001387	0.000690	15,084	\$ 1,862.91	\$ 13,220.86	87.65%	\$ 423.99	\$ 21.76	\$ 1,083.30	90
Service Area #6	982,872,901	-	0.000886	0.000673	674,203	\$ 28,477.82	\$ 645,725.25	95.78%	\$ 69,469.41	\$ 1,770.32	\$ 30,788.69	1,398
Service Area #8	365,621,686	-	0.001687	0.001570	616,800	\$ 897.42	\$ 615,902.42	16.88	\$ 3.29	\$ 13,150.04	\$ 1,211.35	17
North Summit Mesquite	422,169,721	-	0.000210	0.000199	88,562	\$ 3,516.99	\$ 85,045.01	96.03%	\$ 8,311.52	\$ 1,029.52	\$ 2,876.86	124
Snyd. Basin Recreation	2,563,348,522	-	0.001201	0.001030	3,067,939	\$ 244,260.16	\$ 2,823,678.61	92.04%	\$ 174,290.81	\$ 29,697.73	\$ 249,851.72	11,000
Total other taxing districts					13,364,456	814,516	12,549,940		657,236	85,875	805,465	34,488
Total due on taxing units					\$ 81,310,578	\$ 4,830,111	\$ 76,480,468		\$ 3,669,181	\$ 489,279	\$ 5,269,723	\$ 556,806

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

County Commission Summit County

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund and the aggregate remaining fund information of Summit County as of and for the year ended December 31, 2004, which collectively comprise the Summit County basic financial statements and have issued our report thereon dated January 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Summit County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and other matters

As part of obtaining reasonable assurance about whether Summit County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



We noted certain other matters that we reported to the Commission, in a separate letter dated January 5, 2006.

This report is intended solely for the information of the audit committee, administration, County Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schmitt, Higgins, Smith & Co., P.C.

January 5, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commission
Summit County

Compliance

We have audited the compliance of Summit County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Summit County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Summit County's management. Our responsibility is to express an opinion on Summit County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Summit County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Summit County's compliance with those requirements.

As described in item 04-1 in the accompanying schedule of findings and questioned costs, Summit County did not comply with requirements regarding submission of the Single Audit reporting package that is applicable to all federal awards. Compliance with such requirements is necessary, in our opinion, for Summit County to comply with OMB Circular A-133.

In our opinion, except for the noncompliance described in the preceding paragraph, Summit County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of Summit County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered Summit County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund and the aggregate remaining fund information of Summit County as of and for the year ended December 31, 2004, which collectively comprise the Summit County basic financial statements and have issued our report thereon dated January 5, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Summit County basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Summit County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, County Commission of Summit County and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schmitt, Duffile, Sima: Co. P.C.

January 5, 2006

SUMMIT COUNTY
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U.S. Department of Health and Human Services			
Passed Through Utah Dept. of Public Safety - Injury Prevention			
MCH Title V Grant	93.994	2B04MC00321 \$	25,034
Prenatal Home Visitation Program / Safety Program	93.994	2B04MC00321	5,088
Passed Through Utah Department of Health - Division of Community & Family Health Services			
PHSBG / Cardiovascular	93.991	1998BIUTPRVS03-04	49,817
Injury Prevention	93.994	2B04MC00321-04-05	17,873
Immunization Program	93.268	H23/CCH822520-01	43,530
Immunization Program - Vaccines	93.268	H23/CCH822520-01	70,965
HIV/AIDS	93.940	U62-CCU802035	1,000
TB Elimination and labs	93.116	U52/CCU804865	3,437
STD Prevention	93.977	H25/CCH804358	500
Child Health Evaluation / Care Outreach (CHEC)	93.778	5-0105UT5028	2,312
National Cancer Prevention and Control	93.283	U55/CCU821940-01-02	12,175
Early Childhood Development Program / Target Case	93.778	H0111507-01/02	8,358
Passed Through Utah Department of Health Centers for Disease Control and Prevention			
PH Preparedness & Response / Bioterrorism	93.283	U90/CCU8169650302	177,954
Passed Through Mountainland Association of Governments			
Title III - Nutrition Services	93.045	30202	26,251
Total Department of Health and Human Services			444,294
U.S. Department of Education			
Passed Through Utah Department of Health - Division of Community and Family Health Services			
Early Intervention	84.181A	H181A000111	81,348
Total Department of Education			81,348
U.S. Department of Agriculture			
Passed through Utah Department of Health			
Special supplemental nutrition program for women, infants and children - Administration	10.557	3UT7700709	132,374
Special supplemental nutrition program for women, infants and children - Food Vouchers	10.557		329,571
Passed through the State of Utah			
Federal Forest Reserve Payments	10.666	16USC500	193,940
Forest Reserve / Title III SRSCSD Act	10.666	16USC500	34,225
Total Department of Agriculture			690,110

SUMMIT COUNTY
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U.S. Department of Justice			
Passed Through Utah Office of Community Oriented Policing Services COPS in Schools	16.710	2002SHWX0100	48,554
Bulletproof vest partnership program	16.607	2002BUBX02011839	16,714
Bulletproof vest partnership program	16.607	2003BUBX03014042	2,905
Total Department of Justice			68,173
U.S. Department of Homeland Security			
Passed through Utah Division of Emergency Services and Homeland Security			
Homeland Security Grant Part I	97.004	DES-2003-ODP1-02	15,396
Homeland Security Grant Part II	97.004	DES-2003-ODP2-02	30,904
HMEP/Hazardous Material Emerg Preparedness	97.042	SLA-2004-DES-0021	6,375
Community Emergency Response Teams	83.565	DES-2004-LETP-002	1,840
LETP/Law Enforcement Terrorism Prevention	97.004	DES-2004-LETP-002	130,006
Homeland Security Grant 2004	97.004	DES-2004-SHSP-002	125,383
Total Department of Homeland Security			309,905
U.S. Department of Museum and Library Services			
Passed through Utah Department of Community & Economic Development			
LSTA / Mini Grant	45.310	LS-00-03-0045-03/041635	6,665
LSTA / Mini Grant	45.310	LS-00-03-0045-03/031802	1,972
LSTA / Mini Grant	45.310	LS-00-03-0045-03/042043	7,500
Total Department of Museum and Library Services			16,137
U.S. Department of Housing and Urban Development			
Passed through Utah Department of Community & Economic Development			
CDBG/Water Storage Tank	14.228	B-02-DC-49-0001	7,500
CDBG/Marion Water Storage Tank	14.228	B-03-DC-49-0001	150,000
CDBG/Woodland Mutual Water	14.228	B-04-DC-49-0001/050301	50,176
Total Department of Housing and Urban Development			207,676
U.S. Department of Transportation (DOT)			
Passed through Utah State Division of Emergency Services and Homeland Security			
LEPC Hazardous Materials Planning	20.703	DES-2003-LEPC-SUMMIT CO	2,500
Passed through Utah Department of Health - Division of Community and Family Health Services			
Summit County Safe Community	20.600	CP05-02-17-SUM5	12,308
Total Department of Transportation (DOT)			14,808
U.S. Environmental Protection Agency			
EPA Grant	66.463	CP-98837001-0	98,457
Total Environmental Protection Agency			98,457
			\$ 1,930,907

See accompanying notes to schedule of expenditures of federal awards

SUMMIT COUNTY
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2004

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Summit County and is presented on the accrual basis of accounting and in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included in these schedules.

SUMMIT COUNTY
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2004

FINDINGS – FINANCIAL STATEMENT AUDIT – PRIOR YEAR

Finding 02-1: Policies and Procedures for the Modified Accrual Method of Accounting

Condition: The modified accrual method of accounting requires that revenues are recorded when they are measurable and available and expenditures are recorded when a liability is incurred. During our audit, we observed that a material amount of revenue and expenditures susceptible to accrual had not been recorded. Material audit adjustments were made to accrue additional accounts receivable and accounts payable with a corresponding adjustment to revenue and expenditure, respectively.

Recommendation: We recommend a review of the procedures used to record monthly and year end accruals. Further, we recommend additional training be conducted for staff members involved with this process.

Current status: Despite major improvements in this area over previous years, during our audit we have proposed material adjustments to the County's records.

County's response: In 2003, out of 320 journal entries made after year end, only 11 were recommended by the external auditor, while the remainder were proposed by the County Auditor's office. In 2004, out of 91 journal entries only two were recommended by the external auditor. The County will continue to review accruals for correctness and accuracy.

Corrective action plan: Beginning January 1, 2005 all receipts of revenue and vouchers for expenses will be closely scrutinized for the fiscal time period in which it belongs. This will be done by two separate individuals in the Auditor's office and reviewed by the Auditor.

Responsible party: The County Auditor.

SUMMIT COUNTY
Summary Schedule of Prior Audit Findings, Continued
Year Ended December 31, 2004

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT – PRIOR YEAR**

Finding 03-1: Recognition of Non-Cash Revenue and Expenditures

Condition: During our audit, we observed that a material amount of non-cash revenue and expenditures had not been recorded. Material audit adjustments were made to record these revenues and expenditures.

Recommendation: We recommend that the policies and procedures be reviewed to ensure that all transactions requiring accrual are recorded.

Status: Recommendation implemented

SUMMIT COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2004

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Summit County.
2. No material weaknesses were disclosed during the audit of the financial statements.
3. No material instances of noncompliance were disclosed during the audit.
4. There were no material weaknesses disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Summit County expresses a qualified opinion due to item 04-1.

The programs tested as major federal programs were as follows:

<u>Name</u>	<u>CFDA No.</u>
Special Supplemental Food Program For Women, Infants, and Children	10.557
Federal Forest Reserve	10.666
Homeland Security	97.004
Immunization Program	93.268

The threshold for distinguishing Types A and B programs was \$300,000.

Summit County was determined to be a high-risk auditee.

SUMMIT COUNTY
Schedule of Findings and Questioned Costs, Continued
Year Ended December 31, 2004

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no current year findings noted during our audit.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 04-1: Compliance with Reporting Deadline

Condition: OMB Circular A-133 requires that the Single Audit reporting package be submitted within nine months of the end of the reporting period.

Recommendation: We recommend that the policies and procedures be reviewed to ensure timely reporting.

Management response: The County Auditor will take the necessary steps to ensure the County meets its reporting deadlines for the period ended December 31, 2005.

Schmitt, Griffiths, Smith & Co., P.C.

Harlan P. Schmitt, MBA, CPA
Sherman H. Smith, MBA, CFP, CPA
Brent H. Griffiths, MBA, CPA
Mark C. Furniss, CPA
Stuart L. Tholen, CPA
Don C. Milne, MIM, CMA, CPA

INDEPENDENT AUDITORS' REPORT ON THE STATE OF UTAH LEGAL COMPLIANCE

To the County Commission
Summit County

We have audited the general purpose financial statements of Summit County for the year ended December 31, 2004, and have issued our report thereon dated January 5, 2006. As part of our audit, we have audited Summit County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2004.

The County received the following major state assistance programs from the State of Utah:

B&C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
General Health Services (Department of Health)
Mental Health (Department of Health)

The County also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the Summit County general purpose financial statements.)

Public Library Development Grants (Department of Community and
Economic Development)
LSTA Library Grant
Environmental Health (Department of Health)
Mineral Lease Distribution (Department of Transportation)
LHD Environmental Services (Department of Environmental Quality)
CLG Grant
Sheriff Equipment Grants
EMS Grants (Department of Health)
Utah Indoor Clear Air Act
HIV - AIDS Health Education
TB Elimination
Mapping Services
Early Intervention (Department of Health)
Live-Scan Fingerprint Grant
Utah Historical Cemeteries Project



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Our audit also included test work on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Property Tax Limitations
B & C Road Funds
Uniform Building Code Standards
Impact Fees
Budgetary Compliance
Truth in Taxation

Special Districts
Statehood Centennial Grants
Statements of Taxes Charged,
Collected, and Distributed
Assessing and Collecting of
Property Taxes
Transient Room Tax
Liquor Law Enforcement
Justice Courts

The management of Summit County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined in the accompanying schedule of findings and questioned costs.

We considered these instances on noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for the instances of noncompliance listed on the accompanying schedule of findings and questioned costs, Summit County complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2004.

Schmitt, Giggles, Smith : C. A. C.

January 5, 2006

SUMMIT COUNTY
State of Utah Legal Compliance Schedule of Prior Audit Findings
Year Ended December 31, 2004

03-1 Truth in Taxation and Property Tax Limitations

Condition: Property taxes collected by the County were not always distributed by the tenth day of the following month as required by Utah Code Section 59-2-1365.

Recommendation: We recommend that the County review the policies and procedures associated with the collection and distribution of property taxes to allow the County to be in compliance with Utah Code.

Status: Condition continues in the current year.

Management response: Management will work with local agencies if it is determined that their distribution will not be made in accordance with the compliance requirement, as permitted by Utah State Code Section 59-2-1365(3).

03-2 Justice Courts Compliance

Condition: Some cash receipts were not deposited within three days of receipt as required by Utah Code Section 51-4-2(2).

Recommendation: We recommend that the County review policies and procedures associated with the deposit of funds at the justice court in order to enable compliance with Utah Code.

Status: Recommendation implemented

03-3 B and C Road Funds

Condition: The Audit Report was not sent to the B and C Road Fund Administrator within 6 months of year end.

Recommendation: We recommend that the County review current procedures for preparation and finalization of the County financial statements to allow adequate time for the completion of the annual audit and issuance of the report within 6 months of year end.

Status: Condition continues in the current year.

Management response: This issue will not exist in subsequent years. This Auditor's Office will work closer with the independent auditor to correct this condition.

SUMMIT COUNTY
State of Utah Legal Compliance Schedule of Prior Audit Findings
Year Ended December 31, 2004

03-4 Budgetary Compliance

Condition: Expenditures in the following departments of the general fund and activities of the special revenue funds exceeded total appropriations:

General Fund Department:

Risk Management	Communications
Information Technology	E-911
Non-Departmental	Reserves
Park City Ambulance	Special Operations
Public Works / Animal Shelter	Jail Kitchen
Fleet Services	Animal Control
Sheriff	Emergency Services
Criminal Investigation	Miscellaneous

Special Revenue Fund Activities:

North Summit Senior Citizens
South Summit Senior Citizens
Park City Senior Citizens
Restaurant Tax

Recommendation: We recommend that the County review the budget to actual comparisons prior to acceptance of the final budget to allow time for appropriate notification and amendment of the budget.

Status: Continues in the current year

Management response: Budgets are reviewed and adjusted at year-end. Some adjustments made after year-end created this condition. Only specific department budgets were exceeded, the total budget was not.

03-5 Other General Compliance Issues

Condition: The following funds are reported in a deficit position for the year ended December 31, 2004:

Fund 24 – Park City Senior Citizens
Fund 55 – Transit District
Fund 86 – Atkinson Water

Recommendation: We recommend that the County review the financial status of the above listed funds and take the steps necessary to alleviate their deficit positions.

SUMMIT COUNTY
State of Utah Legal Compliance Schedule of Findings, Continued
Year Ended December 31, 2004

03-5 Other General Compliance Issues, Continued

Status: Condition continues in the current year.

Management response: Deficit fund balances have been adjusted for funds 24 and 55. Due to the nature of the assessments issued for Fund 86, Fund 86 will remain in a deficit until the assessment bonds are paid in 2008.

03-6 Cash Management

Condition: During the year ended December 31, 2003, the County Clerk's office was in violation of Utah Code Section 51-4-2(2) related to the deposit of business license fees.

Recommendation: We recommend that the County review the policies and procedures related to the deposit of business license fees to allow for deposits to be made in compliance with Utah Code.

Status: Recommendation implemented